

Budget Monitoring Report Quarter Ending 9/30/09

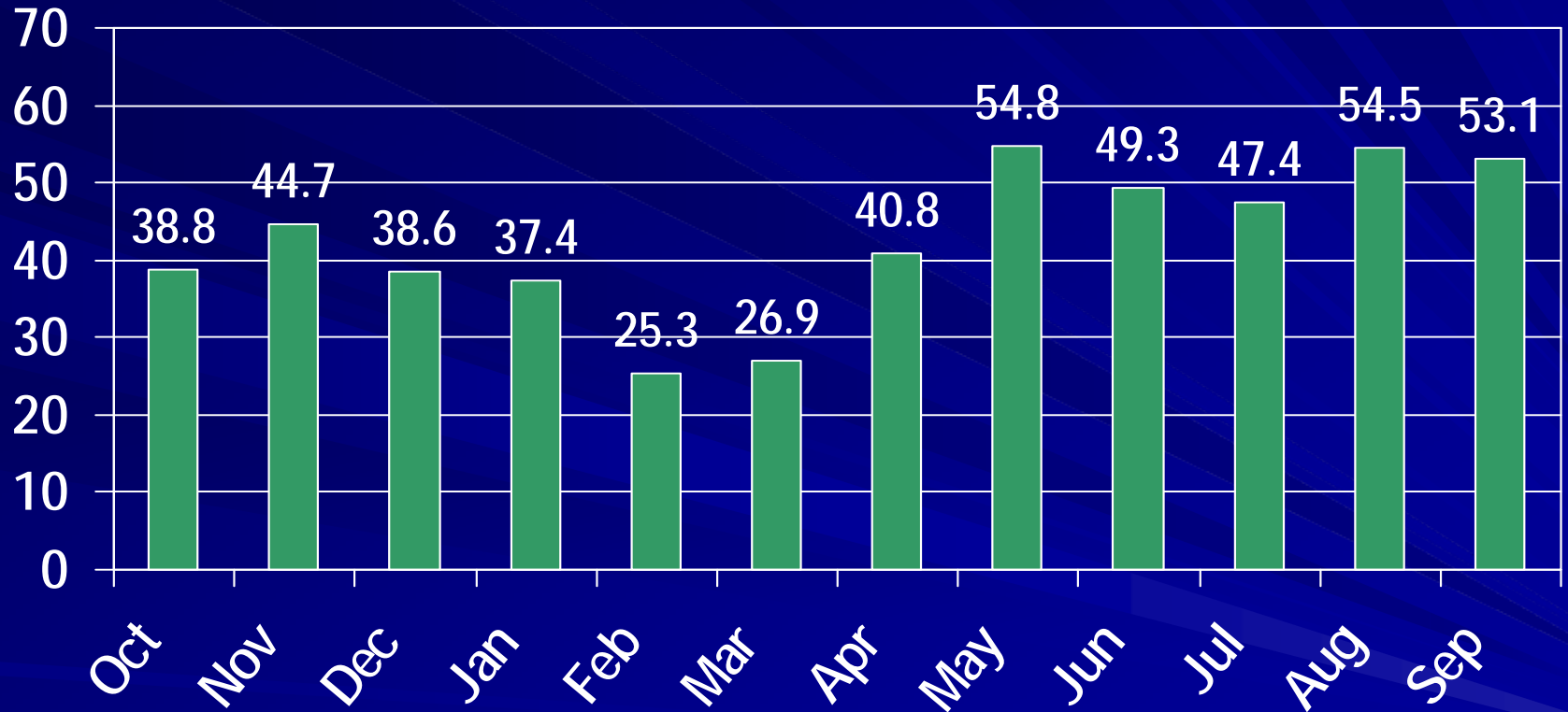


La Mesa City Council
October 27, 2009

Economy

- Positive economic readings during the quarter led economists to declare that the recession most likely came to an end during the third quarter of 2009
- However, the employment situation remains a major roadblock to recovery
- Let's take a look at the major economic indicators...

U.S. Consumer Confidence Index



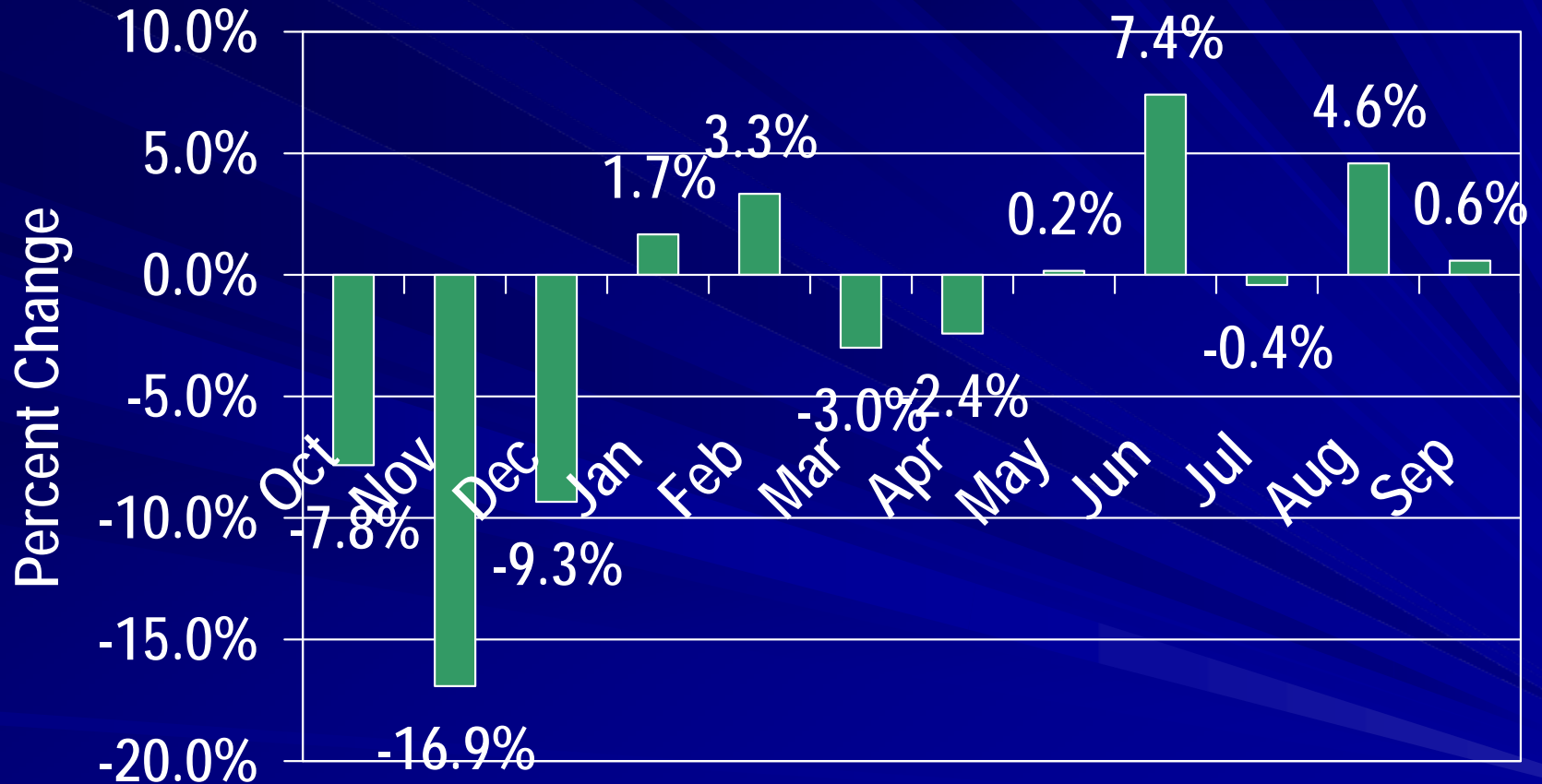
Source: The Conference Board

U.S. Consumer Price Index - Total



Source: U.S. Department of Labor (Seasonally Adjusted)

U.S. Consumer Price Index - Energy



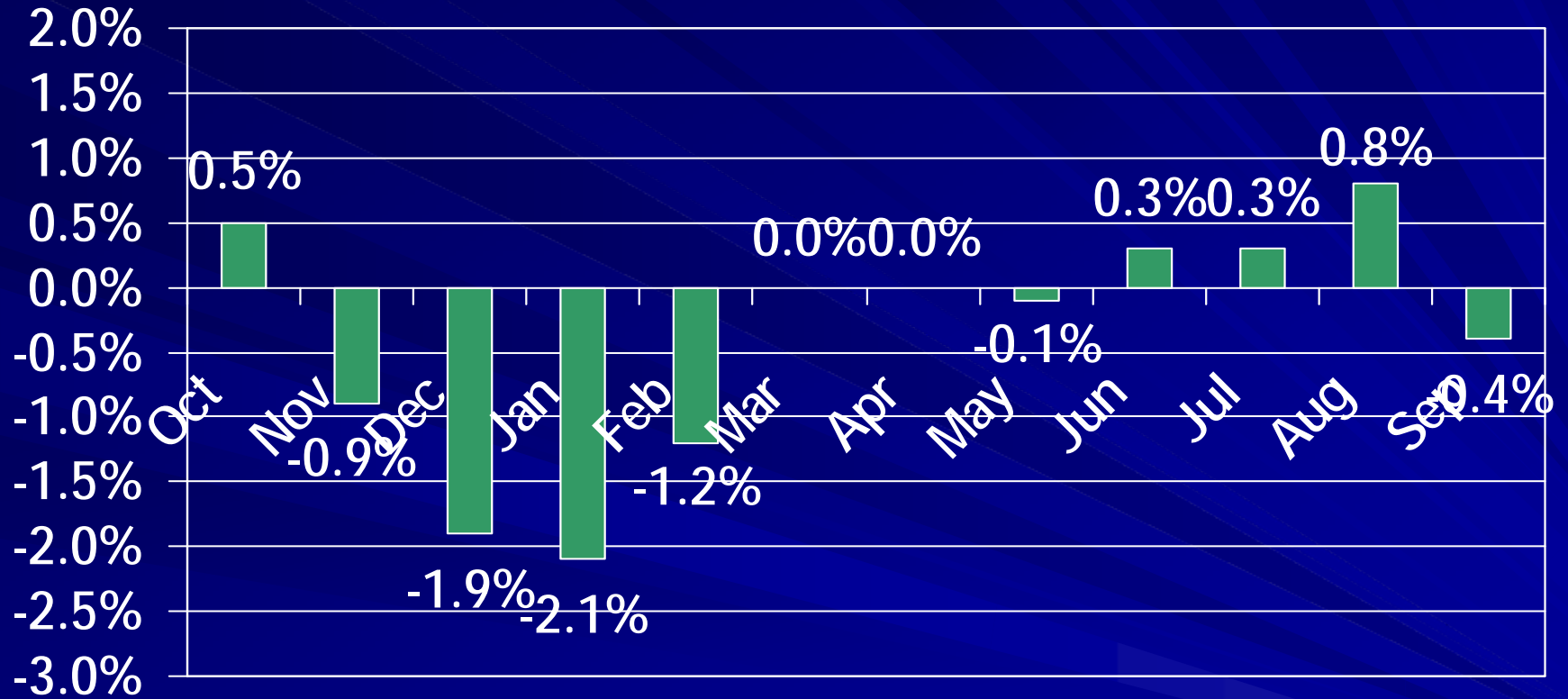
Source: U.S. Department of Labor (Seasonally Adjusted)

U.S. Consumer Price Index - Core



Source: U.S. Department of Labor (Seasonally Adjusted)

Municipal Cost Index



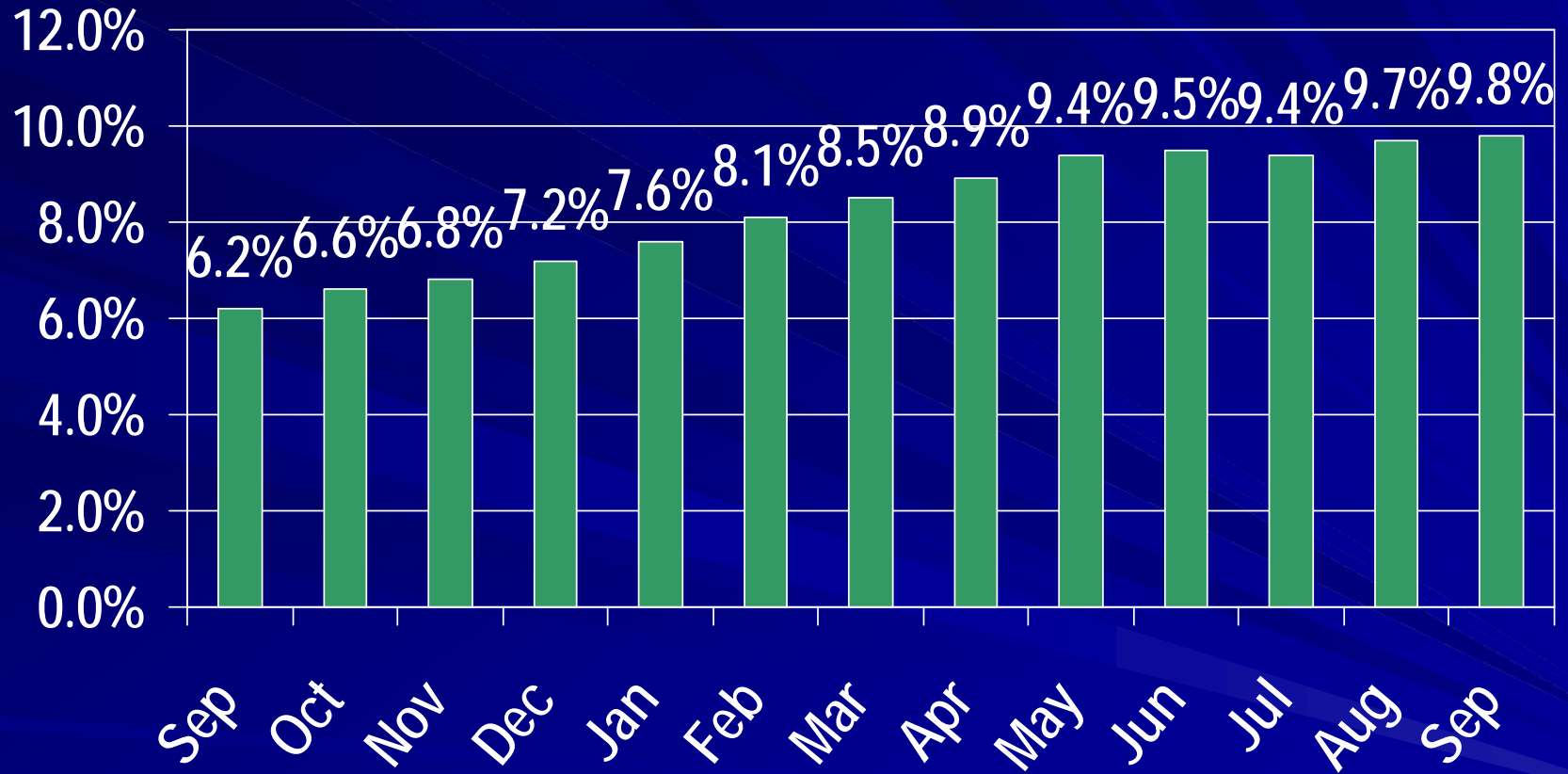
Source: American City & County Magazine

Index of Leading Economic Indicators



Source: The Conference Board

U.S. Unemployment Rate



Source: U.S. Department of Labor (Seasonally Adjusted)

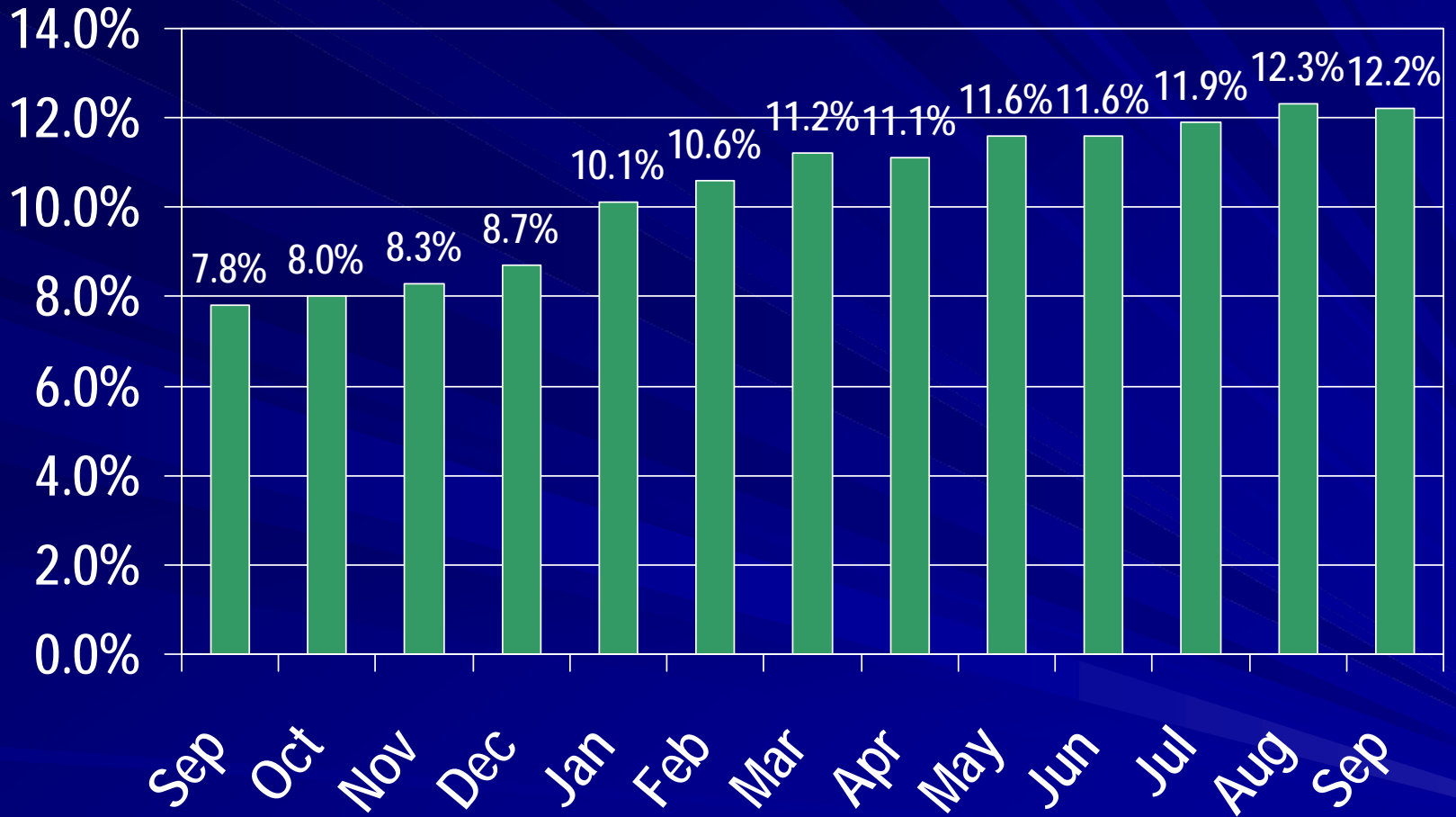
National Economy (Cont'd)

- The Federal Reserve has kept the Fed Funds Rate at a range of zero percent to 0.25% since December 2008
- Despite speculation on the Fed's exit strategy, most economists still feel the Fed will continue to hold the rate constant until around mid-2010

Economy (Continued)

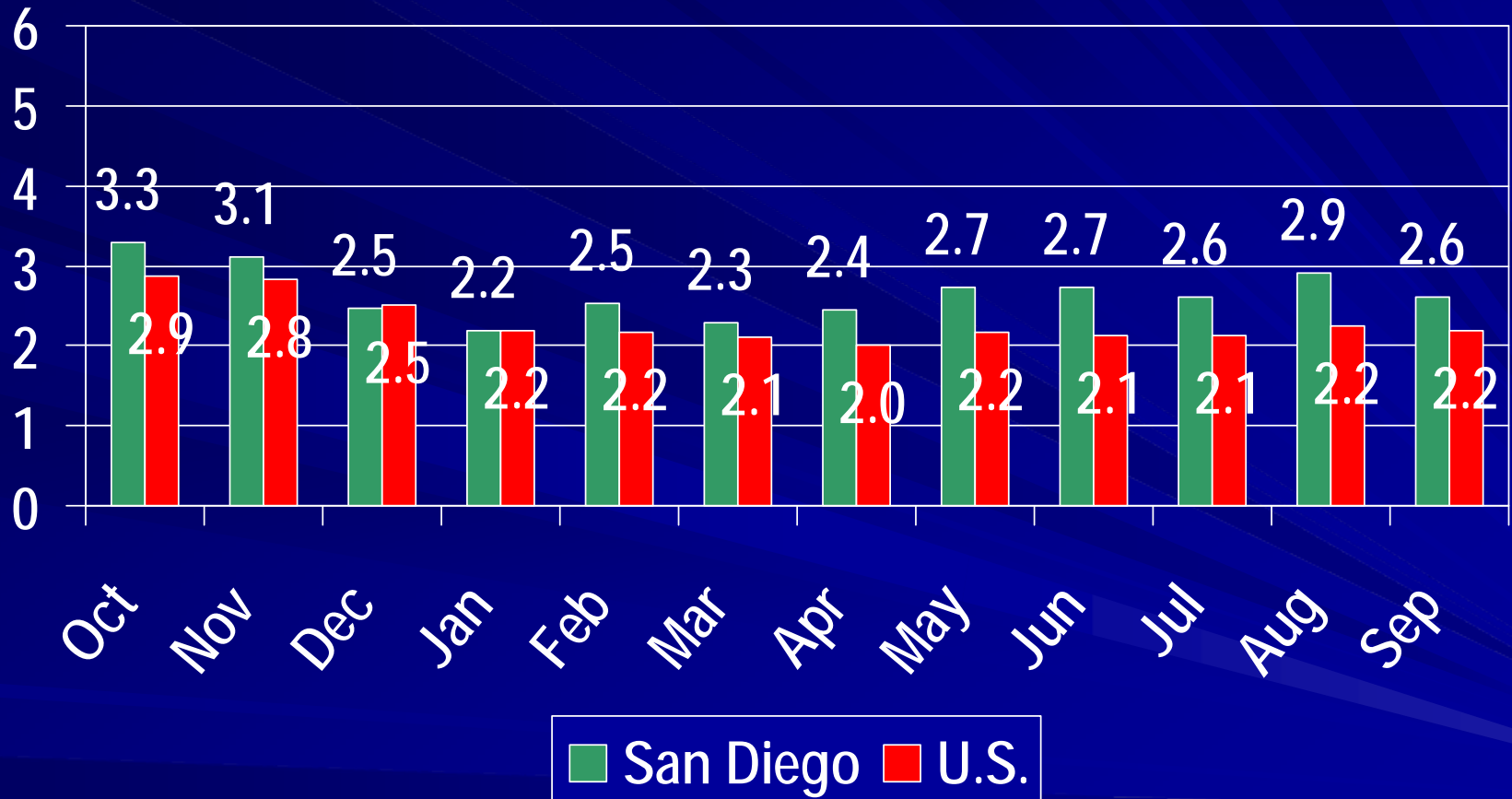
- State and regional economic news was mixed with ongoing concerns about the employment picture

California Unemployment Rate



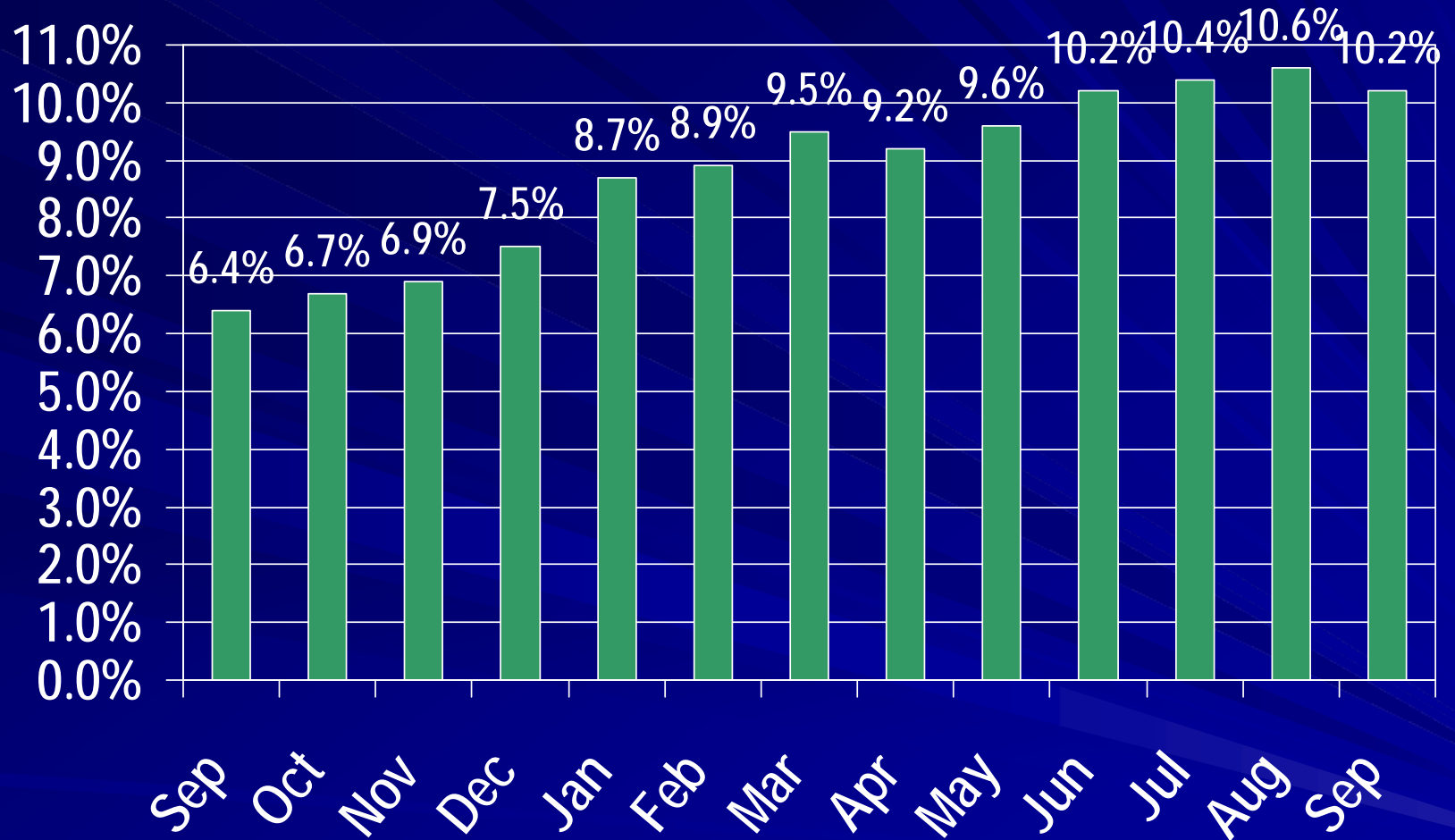
Source: California Employment Development Department (Seasonally Adjusted)

San Diego MSA Online Help-Wanted Jobs Posted Per 100 People



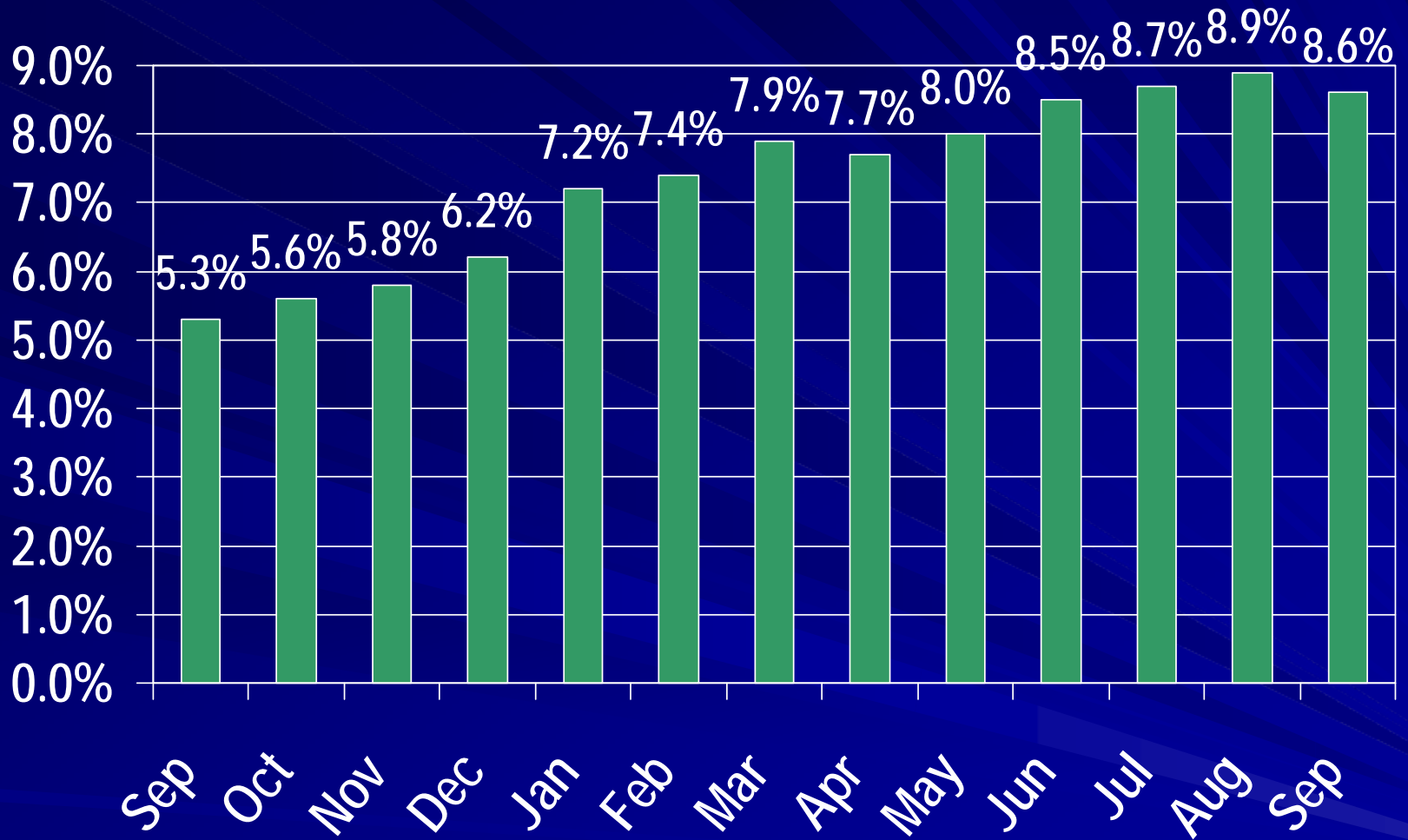
Source: The Conference Board

San Diego County Unemployment Rate



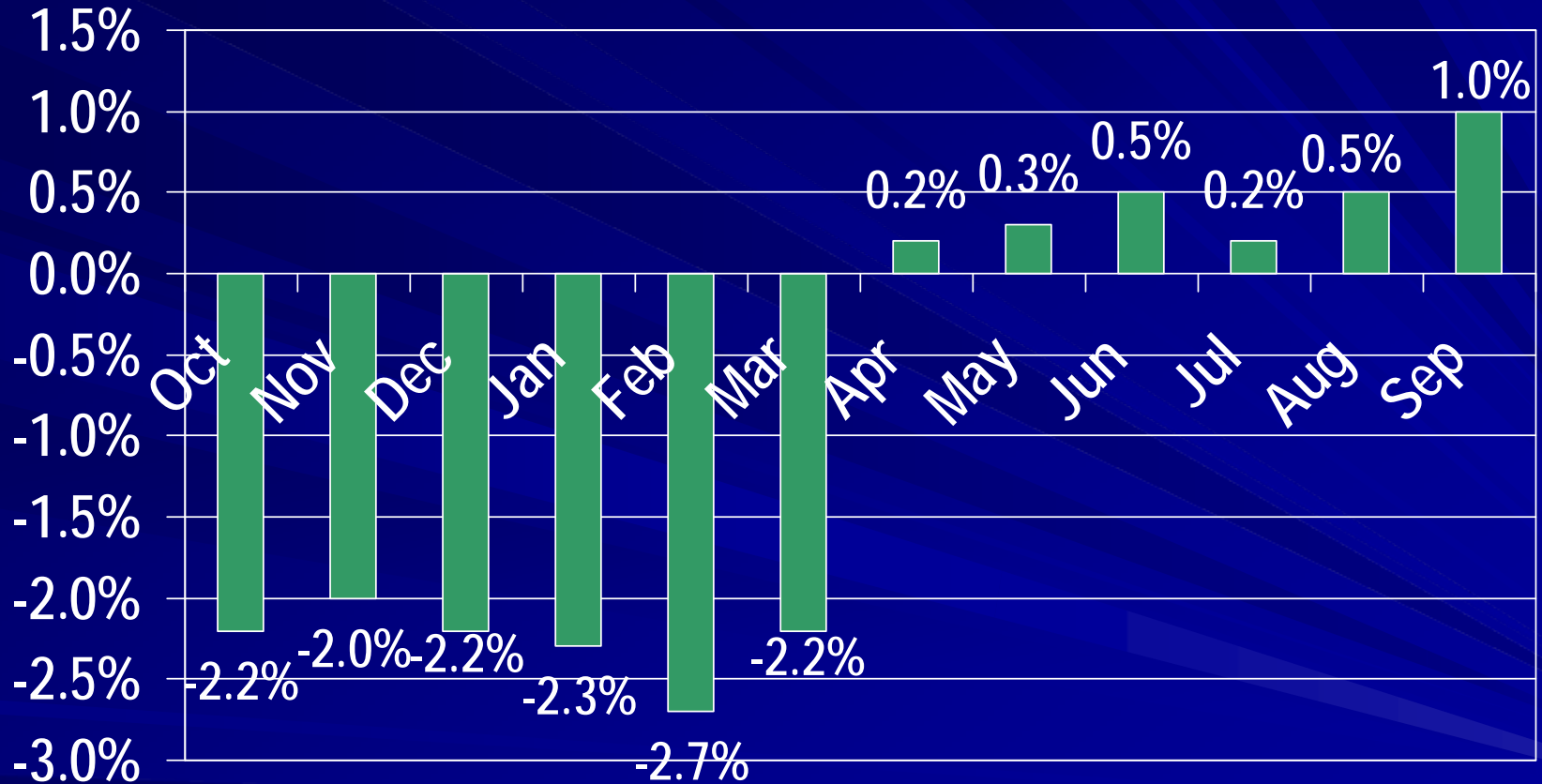
Source: California Employment Development Department (Not Adjusted)

La Mesa Unemployment Rate



Source: California Employment Development Department (Not Adjusted)

San Diego County Index of Leading Economic Indicators



Source: University of San Diego

State Budget Impacts

■ La Mesa impacts:

- Prop 1A (2004) property tax borrowing - \$1,046,000 to be repaid with interest by 6/30/13; Securitization option
- RDA takeaway - \$1,081,000 this year and \$225,000 next year; CRA lawsuit
- Gas Tax deferral - two deferral periods with no interest paid

General Fund Performance

- Resources - close to target
 - Beginning fund balance - \$41k over
 - Base sales tax - 12.6% down first quarter, hoping for good second quarter due to federal stimulus programs
 - Prop. L sales tax - on target
 - Prop tax in lieu of sales tax - \$119k over due to lower negative adjustment
 - Other taxes - \$100k under due to lower transit occupancy tax collections
 - Other categories - on track so far

General Fund Performance (Cont'd)

■ Expenditures

- Department expenditures in line with expectations
- Prop. L proceeds being used to pay for ongoing vital City services that otherwise would have been reduced

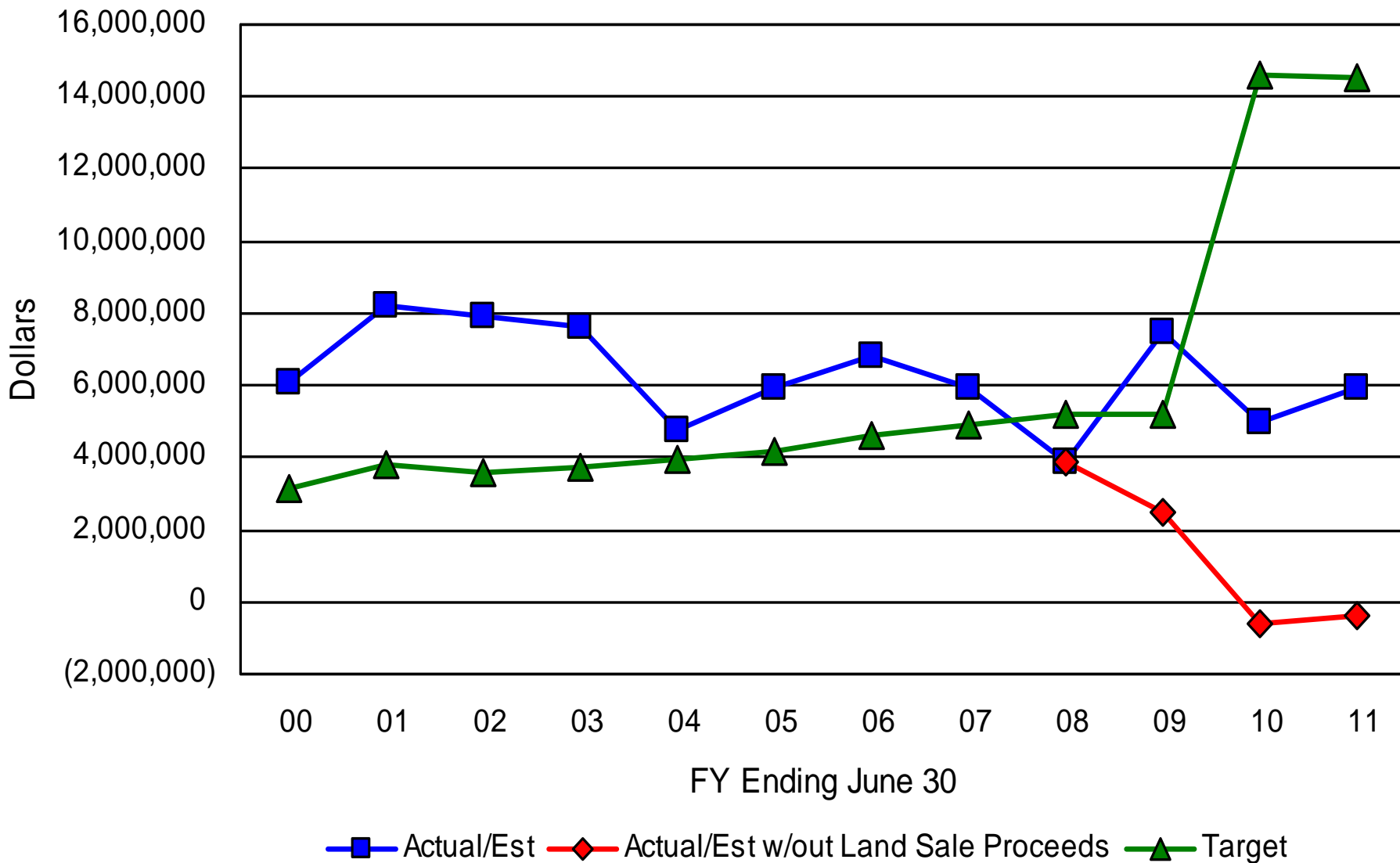
General Fund Performance (Cont'd)

■ Reserves

- Based on revenue and expenditure projections, expect ending reserves to be close to budget (but well below our 40% reserve target)
- If Council decides to participate in the Prop. 1A securitization program, ending reserves will be about \$1 million higher

General Fund Reserves

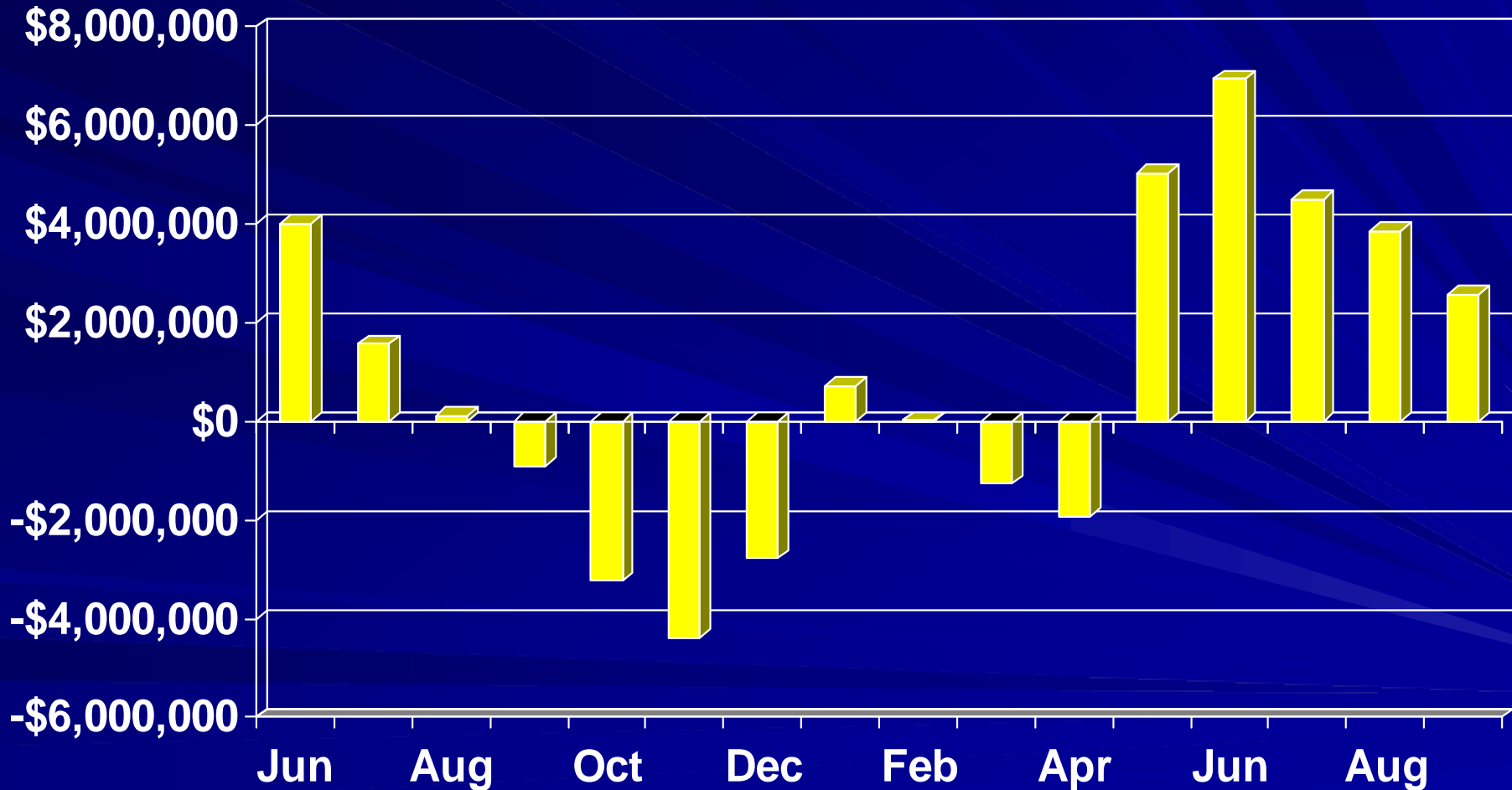
1999-2000 through 2010-2011 (Est)



Monthly Cash Balances

- General Fund reserves provide needed cash to make payments during the first half of the fiscal year when revenues typically trail expenditures
- Land sale proceeds in 2008-2009 provided much needed cash to help cover a portion of these needs

Monthly General Fund Cash Balance June 2008 to September 2009



Questions/Discussion